



Wealth Markets and Commerce



August

Investment Suggestions

Unusual resources and facilities, close affiliation with the world's investment markets and wide diversification of offerings are among the attributes of this national organization.

The increasing number of investment problems due to current conditions make it essential for investors to enlist the services of a well rounded and thoroughly efficient investment organization. Let us help you with your individual problem.

Send for Our August Circular, A-K-121, "Investment Suggestions."

The National City Company

National City Bank Building
New York

To Residents of New York State

We have prepared a booklet giving both a digest and the full text of the New York State Investment Tax Law, which went into effect June first. This booklet should be in the hands of every investor in New York State. We shall be glad to furnish a copy on application.

Write for Booklet No. 576
"Investment Tax Law"

Spencer Trask & Co.

Investment Securities
25 Broad Street, New York
ALBANY BOSTON CHICAGO

TIMID CAPITAL

Capital is often spoken of as "timid." The investor who hears it, however, invariably defeats his own purpose.

The present opportunity is an excellent one to obtain the safer securities at attractive prices.

To the shrewd investor who realizes this fact, we will gladly send our booklet, "Interest Return An Index of Safety," and our 12-page monthly "Bond Topics."

This combination V-315 is sent free on request.

A.H. Bickmore & Co.

111 BROADWAY, N.Y.

Changing Conditions

affect the value of your securities. Round business practices demands that their status be periodically determined.

Address Service Department

A. A. Housman & Co.

New York Stock Exchange
New York Cotton Exchange
Members: N. Y. Coffee & Sugar Bldg.
New York Produce Bldg.
Chicago Board of Trade
20 Broad Street, New York
BRANCHES:
8 East 43d St., 25 West 33d St.

City of Oklahoma City

Oklahoma

5s

Due June 1, 1914

Price to yield 4 7/8%

E. H. Rollins & Sons

43 Exchange Place, New York
Boston San Francisco Chicago

STANDARD

WE WILL BUY WE WILL SELL

25 Continental Oil 50 Buckle P. L.
25 Illinois P. L. 25 Crescent P. L.
25 Northern P. L. 50 Galena M. Co.
25 Prairie O. & G. 100 Indiana P. L.
CARL H. FÖRZHEIMER & CO.
Phone 1566-1-3-4 Bldg. 25 BROAD ST., N. Y.

NOBLE & CORWIN

Mark A. Noble Theodore C. Corwin
25 Broad St. New York
Guaranty Trust Co.
National Park Bank
Liberty Natl. Bank Rights
Telephone 1111 Broad

Finance - Economics

WALL STREET OFFICE:
Mills Building, 15 Broad St.

Telephone:
Hanover 6514

Thursday, August 2, 1917

Heat is exercising an important influence on stock market activities. It is responsible for the decision to close the exchange on Saturday, and the listlessness of trading in the last few days may be blamed in part upon the weather. As the thermometer rises dealings tend to fall. Consequently the heat is doubly depressing to Wall Street. Many of the operators whose trades are large enough to make things interesting even in dull times were absent from the Street. Those who were present, however, found little or nothing in the market to excite their speculative imagination. About the only interesting feature of the day on the Stock Exchange was the revival of pool activity in a small number of industrial specialties, notably Central Leather, which rose 3 1/2 points on a turnover of 51,000 shares. United States Steel common rose 1 1/2 points to 125 1/2 on dealings of 80,000 shares. Distillers' Securities advanced 2 1/2 points. But as a whole the market continued in the same rut in which it has been moving for several weeks past. Price changes reflect little more than the whims of the professional trader. The public is doing nothing. There is this much more to be said, however: The fact that the public, who no doubt still owns a considerable line of stock bought months ago, holds on without selling may be accepted as indicative of the general feeling of confidence in the future.

The report from Washington fixing a definite date for the next offering of Liberty bonds caused renewed discussion of the interest rate. It is argued that such a large part of the money available for investment was absorbed by the first installment that a more attractive rate will be required to insure success of the forthcoming issue. This view finds little support among those who are best qualified to express an opinion on the subject. The fact is that, far from being seriously impaired, the investment power of the country was not even strained by the operation. It is the consensus of opinion that an overwhelming response will be assured if the campaign for the distribution of the \$2,000,000,000 is efficiently organized and intelligently conducted, whether the rate be fixed at 3 1/2 or 4 per cent. It is true that 3 1/2 per cent might well be considered low if the loan were to be regarded strictly as a business proposition, but it isn't. For that matter, there are many places where the prevailing rate of interest is so high that 4 per cent or 4 1/2 per cent would be low in comparison. But, as the American Bankers Association points out in the forthcoming issue of "The Journal," there are much more impressive things than that to be taken into account. It says:

To the man who says he can get 10 per cent for his money, the answer is that the certainty of his 10 per cent or any other rate depends entirely on the success of the government in securing funds at 3 1/2 per cent or whatever rate Congress sees fit to fix. If bonds cannot be sold, nothing is secure. This statement is for general application. Individuals may say that it does not apply particularly. That is very true. There are always individuals who will hang back and hold out for the 10 per cent, but their safety in this respect lies in having some one else supply the funds at the lower rate. There will always be such persons, just as there will be dealers in moonshine whiskey and gamblers who will follow the army and go with the dead. Just now the subject for consideration is the stability and safety of the government of the United States. It doesn't matter that we don't like the war; we have the war whether we like it or not. There are members of Congress who advance the weak plea, in attempted explanation of their dilatoriness, that their constituents do not approve the war. They may not approve of rain, but they make their water proof and carry umbrellas. So it doesn't matter whether we like the war or not. We've got it, and it is rather necessary that we see that it doesn't get us.

As for sales of Liberty bonds on the Stock Exchange below par, they should have no effect whatever on future loans, not even a psychological effect. "The Journal" continues:

The people are not asked to invest in war loan securities so that they may be equipped with something in which they can trade and make or lose money. They are asked to invest that the government may have the resources with which to pay the cost of setting the world aright and smashing autocracy and securing freedom at sea. Presumably the bonds are designed to be held until that end is attained. Their value is to be determined not by what they can be sold at now, but what they will be worth when the safety of the world has been restored.

Similarly the security back of the

bonds—the faith and credit of the United States—is a perfect security if the people make it so. The bonds are good if the people are good. There is no other answer.

Money and Credit

Quiet conditions prevailed in the money market yesterday. Trading in time loans based on Stock Exchange collateral was light, with the general situation showing no material change from Wednesday. Borrowers are anxious to fill their requirements for over the year, but loans of this maturity are not offered liberally by the banks, which prefer the short maturities. In money market circles much interest was aroused over the advice from Washington that the next installment of the Liberty Loan will not be made until November. In the meantime the banks are expected to be called on to absorb a large amount of certificates of indebtedness issued by the Secretary of the Treasury.

Call money at the Stock Exchange was offered in more than sufficient volume to meet the needs of a dull stock market, rates ruling at 2 1/2 per cent, with a low of 1 1/2 per cent.

Ruling rates for money yesterday, compared with a year ago, were as follows:

Call money.....	Yesterday.	Year ago.
Time money (mixed collateral):		
60 days.....	4 1/2%	3 1/2%
90 days.....	4 1/2%	3 1/2%
4 months.....	4 1/2%	3 1/2%
5 to 6 mos.....	4 1/2%	3 1/2%

Commercial Paper.—Such business as was transacted yesterday was placed on a 5 per cent basis.

Official rates of discount of each of the twelve Federal districts are as follows:

	Over 15 or less	Over 15 or less	Over 15 or less
Boston.....	3 1/2%	4%	4%
New York.....	3 1/2%	4%	4%
Philadelphia.....	3 1/2%	4%	4%
Cleveland.....	3 1/2%	4%	4 1/2%
Richmond.....	3 1/2%	4%	4%
Atlanta.....	3 1/2%	4%	4 1/2%
Chicago.....	3 1/2%	4%	4%
St. Louis.....	3 1/2%	4%	4%
Minneapolis.....	4%	4 1/2%	4 1/2%
Kansas City.....	3 1/2%	4%	4 1/2%
Dallas.....	3 1/2%	4%	4 1/2%
San Francisco.....	3 1/2%	4%	4 1/2%

Bank Clearings.—The day's clearings at New York and other cities:

	Exchanges.	Balances.
New York.....	\$672,687,923	\$59,681,887
Boston.....	48,756,098	5,235,151
Chicago.....	79,676,890	5,942,754
Philadelphia.....	66,404,451	7,130,378
St. Louis.....	20,941,064	3,290,508

Sub-Treasury.—New York banks lost to the Sub-Treasury \$884,000.

Silver.—Bars in London, 40 1/2; New York, 80 cents; Mexican dollars, 62 1/2 cents.

Gold Currents.—The Sub-Treasury transferred \$1,163,000 by telegraph to the shipment of equal amount of gold to Japan. Exports of the metal to Japan this week have approximated \$7,000,000, the heaviest movement in many weeks.

London Money Market.—London, Aug. 2.—Money was plentiful at 4 per cent and discount rates were steady, short bills being quoted at 4 1/2 per cent and three months' bills at 4 1/2 to 4 3/4 per cent. Gold premiums at Lisbon, 90.

Bank of England.—London, Aug. 2.—The weekly statement of the Bank of England shows the following changes:

	Dec. 1916.	Aug. 1917.
Total reserve.....	£143,000	70,000
Circulation.....	£72,642	71,000
Other securities.....	£1,504,000	1,504,000
Notes reserve.....	£1,407,000	1,407,000
Government securities.....	£2,312,000	2,312,000

The proportion of the bank's reserve to liability this week was 17.53 per cent; last week it was 18.36 per cent. The rate of discount remained at 5 per cent.

Bank of France.—Paris, Aug. 2.—The weekly statement of the Bank of France shows the following changes in francs:

	Inc.	Dec. 1916.	Aug. 1917.
Gold in hand.....	2,961,000	10,000	10,000
Silver in hand.....	110,756,000	110,756,000	110,756,000
Notes in circulation.....	15,867,000	15,867,000	15,867,000
Treasury deposits.....	31,098,000	31,098,000	31,098,000
General deposits.....	104,832,000	104,832,000	104,832,000
Bills discounted.....	15,384,000	15,384,000	15,384,000
Advances.....	15,384,000	15,384,000	15,384,000

The Dollar in Foreign Exchange

Neutral exchange rates rose sharply again yesterday. Exchange on Sweden went to 33 1/2 cents, up 1/2 from Wednesday, and the highest level in many months. The Norwegian rate advanced to 30 1/2 cents. The rest of the market was firm.

Closing rates yesterday, compared with a week ago, are given in the table below. American bankers have suspended all dealings in German and Austrian exchange, so that daily quotations for either marks or kronen are no longer available.

	Yesterday.	Week ago.
(Quoted dollars to the pound.)		
Sterling, demand.....	\$4.75 1/2	\$4.75 1/2
Sterling, sixty days.....	4.71 3/4	4.71 3/4
Sterling, ninety days.....	4.76 1/2	4.76 1/2
Sterling, cables.....	4.69 3/4	4.69 3/4

	Yesterday.	Week ago.
(Quoted cents to the dollar.)		
France, demand.....	5.76 1/2	5.76 1/2
France, cables.....	5.75 1/2	5.75 1/2
Swiss, demand.....	7.24	7.22
Swiss, cables.....	7.23	7.21
Swiss, checks.....	4.52	4.83
Swiss, cables.....	4.50	4.61

(Quoted cents to the unit.)

	Current	Intrinsic
Pounds, sterling.....	\$4.75 1/2	\$4.86 1/2
France, demand.....	0.17 3/4	0.19 3/4
Gulden.....	0.42 1/2	0.40 1/2
Rubles.....	0.21 7/8	0.51 1/2
Lira, checks.....	0.13 1/8	0.19 3/8
Crown (Denmark).....	0.30 25	0.28 1/8
Crown (Sweden).....	0.33 7/8	0.28 1/8

The above rates express the cost of foreign money in terms of the American dollar. You buy an English pound sterling at, say, \$4.75 1/2. The intrinsic parity is \$4.86 1/2 per pound. Thus, you say either that pounds are at a discount or that dollars are at a premium, which is owing to the fact that in England the demand for dollars with which to settle accounts in this country is greater than the demand in this country for pounds with which to settle accounts in England.

Rise in Scandinavian Exchange.—Lombard, Aug. 2.—The more stringent blockade is considered chiefly responsible for the state of Scandinavian exchanges, which continue unfavorable to London.

Relevant Facts

Virginia-Carolina Chemical.—This company reports for its fiscal year ended March 31 last net earnings of \$5,905,249, contrasted with \$5,427,457 for the previous year. Fixed charges consumed \$1,248,863 of the year's net and preferred dividends \$1,609,944, leaving a surplus of \$3,055,442, equal to \$10.91 a share on \$27,984,400 common stock, compared with \$10.39 a share earned in the 1916 fiscal period. The company's earnings for the last two years compare as follows:

	1917.	1916.
Net earnings.....	\$5,905,249	\$5,427,457
Interest and disc't.....	1,248,863	1,160,298
Balance.....	\$4,656,386	\$4,267,159
Other income.....	240,380	240,380

	Total.....	1917.	1916.
Preferred dividends.....	1,600,944	1,600,944	1,600,944
Balance.....	3,055,442	2,907,077	2,907,077
Common dividends.....	419,766	419,766	419,766
Surplus.....	2,635,676	2,907,077	2,907,077
Previous surplus.....	13,175,376	10,689,102	10,689,102
Total surplus.....	15,811,052	13,598,102	13,598,102
Deductions.....	202,918	420,802	420,802
Profit and loss.....	15,608,134	13,177,300	13,177,300

Union Tank Line Company Sales Notes.—The Equitable Trust Company has purchased \$7,500,000 of the company's 5 per cent installment of \$1,000,000 semi-annually from August 1, 1917, to August 1, 1920, inclusive. The notes are secured by equipment costing approximately \$13,500,000, and a public offering of the issue is expected soon.

Canada's Foreign Trade.—The Dominion of Canada's foreign trade amounted to \$215,000,000, which compares with \$162,000,000 for that month in 1916. Agricultural products export increased to \$57,000,000, a gain of 32 per cent for the month, and manufacturing, at \$39,000,000, increased 8.25 per cent. Imports for June totaled \$97,000,000 and exports \$116,000,000.

California Petroleum.—Report for the six months ended June 30, including subsidiary companies, shows net earnings before depreciation of \$1,135,780, compared with \$692,529 for the same period of 1916. After corresponding depreciation, exhaustion of oil deposits 5 cents per barrel, interest, etc., the balance applicable to the preferred shares was approximately \$870,000, equivalent to 14 per cent per annum on the preferred stock.

American Steel Foundries.—Directors yesterday authorized the retirement on October 1 of the outstanding amount of \$1,000,000 of 5 per cent bonds due 1925. The amount of these bonds now outstanding is approximately \$1,300,000. It is announced that the company's entire indebtedness, apart from current liabilities, consists of \$2,000,000 of 6 per cent bonds, of which \$2,000,000 are held by the public. For the six months ended June 30 the company reports net earnings of \$3,948,197, compared with \$1,874,226 for the same period of 1916. Miscellaneous income was \$14,650, against \$55,241 a year ago, and surplus earnings after interest charges, sinking fund, etc., totaled \$3,684,780, an increase of \$2,661,965.

Pittsburgh & West Virginia Railway Company.—Initial Dividend.—Directors at a meeting yesterday declared an initial dividend of 15 per cent on the preferred stock for the quarter ended June 30. The disbursement is payable September 1 to stockholders of record August 25.

Northern Ohio Traction and Light Company.—Gross earnings for the twelve months ended June 30 totaled \$5,864,625, against \$4,513,529 the previous year. Net earnings after operating expenses and taxes were \$2,197,550, an increase of \$219,840. The net earnings were approximately three and one-quarter times the company's annual bond interest charges.

New Oil Companies.—Since the beginning of the war 815 new oil companies, with a total authorized capital of \$1,616,000,000, have been organized in this country, according to a summary made by "The Journal of Commerce." There were forty-two new companies, with a capitalization of \$122,425,000, formed in July of this year. This is the largest amount involved for any one month since the outbreak of the war, with the exception of February, 1916, when the total stood at \$163,915,000, a record mark.

Anacoda Copper Production.—Total output of copper in July was 12,400,000, which was a reduction of 8,000,000 pounds from the month preceding and of 15,800,000 pounds compared with that month in 1916. This heavy drop in production was brought about by labor troubles at the company's mines and at the present time it is said the properties are being operated at about one-third of capacity.

Tidewater Oil.—Net earnings for June, including income from subsidiary properties, were \$855,384, compared with \$1,256,624 for the same month in 1916. The report for the six months ended June 30 shows net earnings after deducting excess profits tax of \$25,000 of \$4,976,492, against \$4,519,898 for the corresponding period last year.

Pierce-Arrow Motor Car.—Net operating profits for the quarter ended June 30 were \$1,308,376 and for the first six months of the current year totaled \$2,571,582. Surplus after interest requirements and depreciation for the six months ended June 30 amounted to \$2,066,932, equal to \$6.66 a share on 250,000 shares of common stock after deducting preferred stock dividends.

Sears-Roebuck.—Sales for July amounted to \$11,631,764, an increase of 15.49 per cent over the same month in 1916. For the first seven months of this year sales totaled \$96,525,201, a gain of 27.39 per cent.

U. S. Industrial Alcohol Co. Cuts A 32 P. C. Melon

Board Expects to Maintain Dividend at 16 Per Cent Even in Peace Time

Directors of the United States Industrial Alcohol Company yesterday voted the long awaited melon cutting on the \$12,000,000 of common stock by declaring two cash dividends of 16 per cent each, one for 1916 and the other for the current year. It was announced that the company expects the dividends can be maintained at the rate of 16 per cent a year in the future. These are the first dividends that have been paid by the company on its junior shares. Horatio S. Rubens, chairman of the board of directors, in announcing the action taken at the meeting said:

"It is recognized that the stockholders of the U. S. Industrial Alcohol Company have been very patient in awaiting the declaration of the dividend policy of the company. During the last few years it has been necessary to provide additional plants and equipment to take care of the company's rapidly expanding business. The board of directors deemed it wise to pay for these out of earnings rather than to create obligations of a more or less permanent character. The company's building and development programme has now been practically completed.

Indebtedness Wiped Out.—The floating indebtedness of the company has been extinguished and the company for the current year has been a debtor and not a creditor. The company has set aside out of earnings for the first half of 1917 the sum of \$1,000,000 as a reserve to cover Federal Corporation taxes.

"It has therefore been decided to declare a dividend of a rate which it now seems reasonable to expect can be maintained under after-the-war conditions, and its various subsidiaries into additional fields of production which promise to be profitable under peace conditions.

"Accordingly, a cash dividend of 16 per cent has been declared out of surplus accumulated prior to December 31, 1916, for the year 1916, to be paid on August 20, and a dividend of 16 per cent for the year 1917 to be paid on December 1 to stockholders of record on October 20.

"It has been deemed advisable to defer consideration of the time being of the accumulated surplus of the company."

Big War Business.—Earnings of the company have been greatly increased by the war demand for alcohol for the manufacture of explosives, making possible the payment of the dividends declared yesterday on the common stock. Last year the Industrial Alcohol company earned 36 per cent on its common, against 12 per cent in 1915 and 2 per cent in 1914. The stock, which sold at \$15 a share in 1914, sold up to \$170 in 1916, and has recently been selling above \$150 a share. Yesterday it touched \$187 prior to the meeting of the directors.

Exchanges to Close Because of Heat

Following the leadership of the Stock Exchange, the various exchanges in the financial district voted yesterday to close to-morrow to give their members and employees some relief from the cumulative effects of the heat wave of the last few days. This was the first time in the history of Wall Street that such concerted action had been taken because of weather conditions.

The exchanges that voted definitely to close to-morrow in addition to the Stock Exchange were the Produce Exchange and the Cotton Exchange. It is expected similar action will be taken to-day by the Consolidated Stock Exchange and the Coffee and Sugar Exchange. From other cities came advice that the exchanges would not be open to-morrow. Among these were the Chicago Board of Trade, the Chicago Stock Exchange and the grain markets in Duluth, St. Louis and Toledo.

The decision to close was aided by the desire on the part of the authorities of the various exchanges of the country to aid the government in its examinations of those who come within

the army draft. A large number of men have been summoned to appear to-morrow.

Chicago, Aug. 2.—The Chicago Board of Trade and Stock Exchange voted today to close Saturday in honor of the National Army day parade. First place in the parade will be given to army registrants holding No. 258, the first number drawn. Military organizations, student officers from the Fort Sheridan training camp, jacksies from the Great Lakes Naval Training station and National Guard units also will be in line.

National Bank Resources Now Top 16 Billions

Reserves on June 20 Exceed Legal Requirements by \$842,000,000

Washington, Aug. 2.—Resources of the national banks at the last call, June 20, reached the highest figures ever recorded, Controller Williams announced to-night, totalling \$16,151,000,000, or \$2,224,000,000 more than June 30, 1916.

Deposits in national banks, \$12,769,000,000, increased during the year to the extent of \$1,913,000,000, but fell \$306,000,000 below the figures of May 1 last, the last previous call. The reduction is primarily due, it is thought, to Liberty Loan financing. Other returns show:

Loans and discounts totalling \$8,150,000,000